

# Investors Awareness on Mutual Funds in Bengaluru City – An Empirical Study

<sup>1</sup>Dr. Komati Durga Prasad, <sup>2</sup>Dr. Banda Rajani

<sup>1, 2</sup>Associate Professor

<sup>1</sup>ICFAI Law School, ICFAI Foundation for Higher Education, Dontahanpally,  
Shankarpally Road, Hyderabad-501203

<sup>2</sup>Chaitanya Degree and PG College, Hanamkonda, Warangal-506001

## Abstract

*In this study, it is discussed about the investor's awareness on mutual funds in Bengaluru. It is difficult to selective group the investors in a sample as such the population of Bengaluru city is large in number. Compared to earlier days the investment options are changing from risk free to riskier investments. The analyses also show that compared to earlier days the growth of investments in the stock market increased to significant level compared to other conventional investments which are of lesser risks and lower returns. The inexperience of investors about mutual fund coupled with aggressive selling by promising higher returns to the investors have resulted into loss of investors' confidence due to inability to provide higher return. This requires the Asset Management Companies (AMCs) to comprehend the reserve/conspire determination/changing conduct of the speculators to structure appropriate items to meet the changing budgetary needs of the financial specialists. With this foundation a study was directed among 128 Mutual Fund Investors in Bengaluru to study the factors influencing the fund/scheme selection by the Investors. For analyzing the difference in awareness of mutual funds done through SPSS, Z-Test and One-way ANOVA analysis has been made. Hence, this study is made to evaluate the investor's awareness on mutual funds'*

**Keywords:** Investors, mutual funds and Bengaluru city.

## 1. Introduction

At the- present scenario Indian mutual fund industry shows a vital role by mobilizing the savings and investments. More and more individual investors have shown interest in special financial products. With more emphasis on professional managed investments, the role of mutual funds has boosted. Mutual funds are financial tools which help the individual investors to diversify their investments with the aim of making good returns. Mutual fund is trust or Investment Company, which undertakes the work of intermediary by pooling in the savings of large number individual investors in corporate securities and bonds. In this way many individual investors get good returns, capital appreciation at a lower risk than direct equities. Mutual fund schemes are right choice for individual investors as the schemes are professional managed, diversified and offers steady returns at - very low cost. At present there are many differences of mutual fund schemes available in the market and the asset management companies compete with one other to launch schemes.

## 2. Review of Literature

**Nair R K (2014)** in the article “Indian Mutual Fund Market – A tool to stabilize Indian Economy” emphasized that a Mutual store is an effective device to settle Indian economy. The results of mutual funds are assuming an indispensable part in preparing scattered reserve funds among investors and channelize these funds to infrastructural advancement of the country. The banks and Financial Institutions are likewise playing a vital part by advancing mutual reserve business in the country [1].

**Samira, M., & Sathyanarayanan, K. S. (2018)** in their research paper titled -The role of Alternative Investments in Portfolio Management has expressed that dominant part of the respondents had not just indicated better abilities in dealing with their monetary spending plan yet were likewise sure of confronting any money related obstacles in future. He has prescribed that money related training ought to be given at auxiliary and senior optional level of instruction as it was discovered budgetary proficiency and instructive level was connected. Spread s about money related incorporation and budgetary education should be strengthened [2].

**Prof Prabhu G. et al (2016)** accepted that Mutual Fund Industry in India is at quick development rate. It is viewed as that Mutual Fund speculations are less unsafe in contrast with interests in different protections. In any case, it has been surmised from the examination that still a few financial specialists have not known about the advantages of putting resources into Mutual Funds [3].

## 3. Research Problem & Methodology

### Research Problem

A number of studies have been conducted in Indian and abroad regarding investors awareness on mutual funds. A research survey is needed to explore the investors awareness on mutual funds.

### Research Objectives

1. To explore the differences in the investors awareness on mutual funds across the demographic variables.

### Research Hypotheses

**H01: There is no significant difference in investors awareness on mutual funds with respect to demographic variables.**

- **H0<sub>1.1</sub>:** There is no significant difference in investors awareness on mutual funds with respect to gender.
- **H0<sub>1.2</sub>:** There is no significant difference in investors awareness on mutual funds with respect to age.
- **H0<sub>1.3</sub>:** There is no significant difference in investors awareness on mutual funds with respect to occupation.
- **H0<sub>1.4</sub>:** There is no significant difference in investors awareness on mutual funds with respect to qualification.
- **H0<sub>1.5</sub>:** There is no significant difference in investors awareness on mutual funds with respect to income.

### Research Methodology

#### Data Sources

Both Primary data and secondary data have been collected for the study.

#### Primary Data

Primary data was collected from investors through standardized questionnaire to elicit the well-considered opinion of the respondents.

**Secondary Data**

Secondary data collected from books, journals, websites etc.

**Sample Size**

A standardized questionnaire is used to collect the primary data collection from 128 investors used simple random sampling.

**Statistical Tools for Analysis**

- Z-Test and
- One-Way-ANOVA.

**4. Data Analysis & Results**

**H<sub>0,1</sub>:** There is no significant difference in investors awareness on mutual funds with respect to gender.

**Table1:** Investors awareness on mutual funds with respect to gender.

Gender	N	Mean	Std. Deviation	Std. Error Mean	Z	Sig.
Male	87	4.22	.769	.082	3.892	0.05
Female	41	4.05	.705	.110		

To analyze the differences in a mean value of investors awareness on mutual funds on the basis of gender, Z-test was applied. It was noted that the mean value for a male is 4.22 and for a female is 4.05. This indicated that the males have high level awareness on the mutual funds than females. Since, Z value is 3.892 and significance=0.05 equal to 0.05, which indicated there is a significant difference. Hence, null hypothesis H<sub>0,1</sub>: Stating that there is no significant difference in investors awareness on mutual funds with respect to gender is rejected. This specifies that there is a significant difference in investors awareness on mutual funds with respect to gender.

**H<sub>0,2</sub>:** There is no significant difference in investors awareness on mutual funds with respect to age.

**Table 2:** Descriptive statistics of investors awareness on mutual funds with respect to age.

Age (Years)	N	Mean	Standard Deviation	Standard Error
<20	24	4.21	.779	.159
20-30	56	4.34	.769	.103
31-40	23	3.74	.541	.113
41-50	23	4.17	.717	.149
>50	2	3.50	.707	.500

**Table 3:** ANOVA of investors awareness on mutual funds with respect to age

	Sum of Squares	Df	Mean Square	F	Sig. (P value)
Between Groups	6.804	4	1.701	3.231	.015

Groups	64.751	123	.526		
Total	71.555	127			

To analyze the differences in a mean value of investors awareness on mutual funds on the basis of age, One-way ANOVA was applied. It was noted that the investors belong to the age group of below 20-30 years was obtained maximum mean value of 4.34. This indicates that the investors belong to this age group have high awareness level on the dimension of mutual funds however the investors belong to the age group of above 50 years showed less satisfaction (mean=3.50), as compared to other age groups of investors. The result of One-way ANOVA test shows F value=3.231 and significance=0.015 which is less than 0.05, which indicates there is a significant difference. Hence, null hypothesis  $H_{0.2}$ : Stating that there is no significant difference in investors awareness on mutual funds with respect to age is rejected. This specifies that there is a significant difference in investors awareness on mutual funds with respect to age.

**H<sub>0.3</sub>**: There is no significant difference in investors awareness on mutual funds with respect to occupation.

**Table 4:** Descriptive statistics of investors awareness on mutual funds with respect to occupation.

Occupation	N	Mean	Standard Deviation	Standard Error
Student	5	3.40	.548	.245
Self-Employed	46	4.35	.706	.104
Salaried	57	4.18	.782	.104
Others	20	3.90	.641	.143

**Table 5:** ANOVA of investors awareness on mutual funds with respect to occupation.

	Sum of Squares	Df	Mean Square	F	Sig. (P value)
Between Groups	5.874	3	1.958	3.697	.014
Groups	65.680	124	.530		
Total	71.555	127			

To analyze the differences in a mean value of investors awareness on mutual funds on the basis of occupation, One-way ANOVA was applied. It was noted that the self-employed have obtained the maximum mean value of 4.35. This indicates that the self-employed have high awareness level on the mutual funds however the students show less awareness (mean =3.40) as compared to salaried and others. The result of One-way ANOVA test shows F value= 3.697 and significance= 0.014 which is less than 0.05, which indicates that there is no significant difference. Hence, null hypothesis  $H_{0.3}$ : Stating that there is no significant difference in investors awareness on mutual funds with respect to occupation is not rejected. This specifies that there is no significant difference in investors awareness on mutual funds with respect to occupation.

**H<sub>0.4</sub>**: There is no significant difference in investors awareness on mutual funds with respect to qualification.

**Table 6:** Descriptive statistics of investors awareness on mutual funds with respect to qualification.

Qualification	N	Mean	Standard Deviation	Standard Error
Undergraduate	18	4.17	.857	.202
Postgraduate	65	4.35	.672	.083
Others	45	3.89	.745	.111

**Table 7:** ANOVA of investors awareness on mutual funds with respect to qualification.

	Sum of Squares	Df	Mean Square	F	Sig. (P value)
Between Groups	5.749	2	2.874	5.460	.005
Groups	65.806	125	.526		
Total	71.555	127			

To analyze the differences in a mean value of investors awareness on mutual funds on the basis of qualification, One-way ANOVA was applied. It is noted that the postgraduates have obtained the maximum mean value of 4.35. This indicates that the investors who are postgraduates have high awareness level on the mutual funds however the investors who are others show less satisfaction (mean =3.89) as compared to undergraduates. The result of One-way ANOVA test shows F value=5.460 and significance= 0.005 which is equal to 0.05, which indicates there is a significant difference. Hence, null hypothesis  $H_{01.4}$ : Stating that there is no significant difference in investors awareness on mutual funds with respect to qualification is rejected. This specifies that there is a significant difference in investors awareness on mutual funds with respect to qualification.

**$H_{01.5}$ :** There is no significant difference in investors awareness on mutual funds with respect to income.

**Table 8:** Descriptive statistics of investors awareness on mutual funds with respect to income.

Income	N	Mean	Standard Deviation	Standard Error
<25000	20	3.95	.605	.135
25000-50000	27	4.30	.823	.158
50001-75000	33	4.21	.696	.121
75001-100000	36	4.08	.841	.140
> 100000	12	4.33	.651	.188

**Table 9:** ANOVA of investors awareness on mutual funds with respect to income.

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig. (P value)</b>
Between Groups	2.043	4	.511	1.904	.464
Groups	69.511	123	.565		
Total	71.555	127			

To analyze the differences in a mean value of as a dimension of investors awareness on mutual funds on the basis of income, One-way ANOVA was applied. It was noted that the investors belong to the income group of ₹>100000 have obtained maximum mean value of 4.33, this indicates that the investors of this income group have high awareness level on the dimension of mutual fund whereas the investors belong to the income group of ₹<25000 (mean=3.95) show less awareness compared to other income groups. The result of One-way ANOVA test shows F value = 1.904 and significance = 0.04 which is less than 0.05, which indicates there is a significant difference. Hence, null hypothesis  $H_{0.5}$ : Stating that there is no significant difference in investors awareness on mutual funds with respect to income is rejected. This specifies that there is a significant difference in investors awareness on mutual funds with respect to income.

### Suggestions

- Mutual fund organizations may attempt to instruct the financial specialists to put resources into common assets through customary mindfulness programs.
- Fund Managers should attempt to give clear data about the shared store terms and different plans.
- Fund Agents may find a way to shrivel the terms and conditions and can make them effectively justifiable to the imminent financial specialists;
- Mutual Fund Agencies may spread the data pretty much every one of the parts of putting resources into common assets.
- Various plans might be acquainted with pull in female respondents as the economy is inclining towards ladies' monetary strengthening.

### 5. Conclusion

In this study, investors awareness on mutual funds. The general awareness level among the financial specialists are so good. Mutual funds are cornering the most extreme consideration of the financial specialists in the present situation be it singular speculators. This is a direct result of the explanation that there is awareness among these financial specialists that common subsidizes give fast and more returns when contrasted with different roads and instruments of ventures. This is the most noticeable factor for the acknowledgment and development of common assets among the masses of India lately.

### REFERENCES

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